GREAT EXPECTATIONS

FUND-RAISING PROSPECTS FOR THEOLOGICAL SCHOOLS

SHARON L. MILLER, ANTHONY T. RUGER, BARBARA G. WHEELER / AUGUST 2009

Here are two short tales about two theological schools. The names of the seminaries are fictitious, but the incidents described really happened:

For eighteen months, the Strategic Planning Committee of **SMITHTOWN SEMINARY** *has worked to produce a bold plan for the school's future. Members of the committee—trustees, faculty members, and senior administrators, plus student and support staff representatives—have worked together with unprecedented mutual understanding, unbroken good will, and growing excitement. They proudly present the plan, first to the faculty, next to the board. There is general enthusiasm. Even those who usually criticize and dissent seem pleased. The only hitch: Implementation of the plan will require a budget that is 20% higher than the current year's. Some of this increase—about one-fifth of it—will eventually be generated by new activities. The rest must be raised. The board decides to forge ahead. It authorizes a capital campaign four times the size of the previous one. The exciting new programs, board members argue, will win friends for the school, who will make the goal achievable.*

TITANIC THEOLOGICAL SCHOOL *is in trouble. It is running huge deficits (this year's is equal to about 30 percent of its total expenditures) and funding them from an endowment that is quickly decreasing due to overspending and the recent market downturn. At the current rate of spending, the unrestricted part of the endowment will be gone in three years. The president proposes draconian cuts in expenditures, backed by a declaration of financial exigency that would make possible the release of tenured faculty if necessary. The faculty sends a statement to the board, urging (a) that the programs and faculty be kept intact and (b) that the board tell the president to raise the funds needed to close the budget gap. The board, dominated by graduates who want the school they love to stay as much the same as possible, declines to make the proposed cuts and directs the president to canvass foundations, churches, and individual donors to find the needed funds.*

Both of these schools have great expectations from fund-raising. One relies on dramatic results to thrive, the other to survive. How likely is it that they will succeed? This report uses two sources—a large body of data on the fund-raising history of institutions reporting to The Association of Theological Schools, and focused case studies of ten schools—to address that question.

The report is organized as follows. A look at the special challenges and opportunities that theological schools face in fund-raising is followed by an analysis of the actual experiences of eighty schools that have engaged in campaigns. Finally, we draw lessons from our case studies about factors that contribute to or hinder success. The three sections together are intended to help schools set and achieve realistic expectations for fund-raising.

Special campaign efforts are no substitute for raising support for current operations year after year.

SAME AND DIFFERENT: FUND-RAISING IN THEOLOGICAL SCHOOLS

Theological schools inhabit the world of higher education. They are subject to many of the regulations and restrictions that apply to colleges and universities. With some notable exceptions (they are, for instance, ineligible for most institutional grants from public sources), they draw on the same sources of support: current gifts, returns from invested funds, tuition and fees, and surpluses from enterprises related to the institution (such as student and faculty housing and food services).

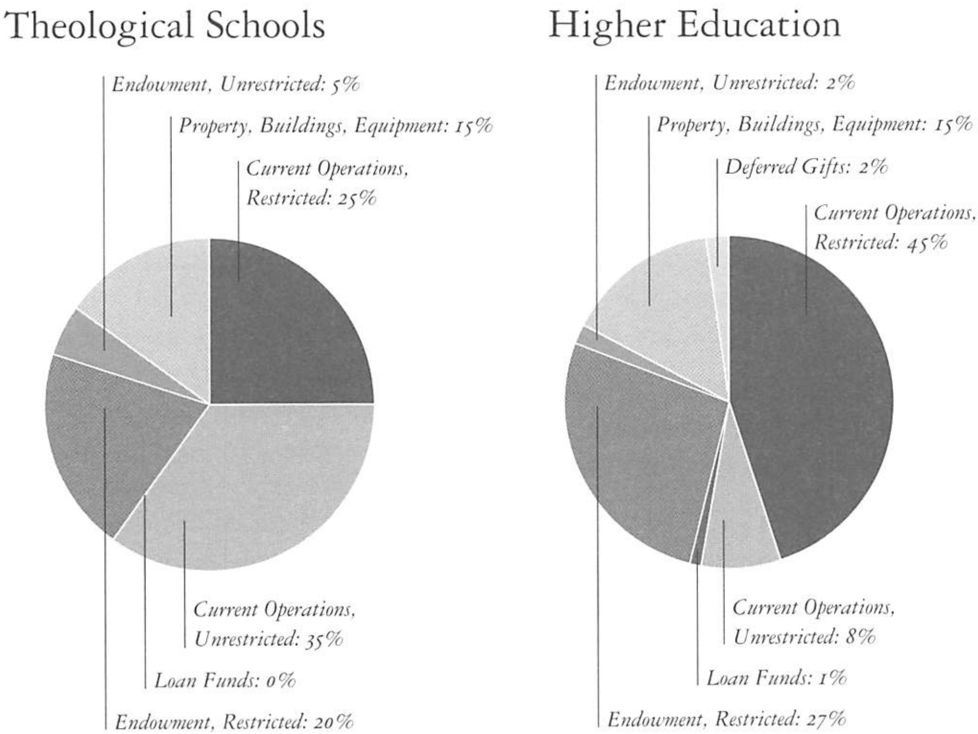
In the fund-raising arena, they resemble the rest of higher education in some ways and differ from it in others.

THE INTERESTS OF DONORS TO THEOLOGICAL SCHOOLS ARE SIMILAR TO THOSE OF DONORS TO COLLEGES AND UNIVERSITIES. As Figure 1 shows, theological schools and other higher-education institutions have a similar balance between giving for current operations and giving for capital purposes—buildings and additions to endowment. In both cases, more than half of all giving goes for current operations. Further, both sets of schools raise about the same proportion—15 percent of the total—for capital expenditures for property, buildings, and equipment. These remarkable similarities provide an important guide for planning. Regular annual funding support is likely to provide more than half of the contributions that a school receives over time. Special campaign efforts are no substitute for raising support for current operations year after year.

Within these broad similarities, there are some differences. The most notable is that theological schools are much more likely to receive current, unrestricted funds. Unrestricted funding from religious communities and denominations may account for some of this difference. Most of it, however, probably stems from the fact that theological schools are institutions with relatively narrow purposes, in contrast to colleges and universities. Often college and university

Figure 1: Donor Restrictions in 2006/2007

*Sources: Schools reporting to The Association of Theological Schools and The Council for Aid to Education**



donors seek to support the specific program, department, or school in which they were educated or have a special interest. Seminaries, however, are much smaller entities in which the activities are integrated, so donors may not feel as great a need to direct their gifts.

THEOLOGICAL SCHOOLS FACE SPECIAL CHALLENGES. Despite the generally similar interests of donors, theological schools deal with a special set of conditions that make fund-raising more difficult.

Theological schools have low visibility. A study published by the Auburn Center in 1999 found that most seminaries are well known only to a small circle of clergy who attended them or who now serve religious communities within driving distance of the theological school.[1] Most business, government, media, philanthropic, and higher-education leaders know little about the seminaries in their region. They tend not to view theological schools as civic assets, and sometimes leaders of other social enterprises are even unaware of the schools' existence. The invisibility of seminaries poses a challenge for the recruitment of board members and donors.

*As reported in *The Chronicle of Higher Education*, February 29, 2008, p. 16–17.

Their leaders lack prior fund-raising skill and experience. Other studies by the Auburn Center found that both trustees and presidents of theological schools are ambivalent and insecure about fund-raising. Half of all seminary trustees are elected or appointed by a religious body.[2] Many of the trustees thus selected tend to see themselves as either monitors of or cheerleaders for the school on behalf of its sponsoring religious body, rather than as fiduciaries who accept a measure of personal responsibility for the financial welfare of the institution. As Figure 2 shows, seminary trustees as a group believe that their fund-raising ability and personal giving capacity were among the least important factors in their selection.

Both trustees and presidents of theological schools are ambivalent and insecure about fund-raising.

Similarly, presidents, the majority of whom come from academic backgrounds in which they have had little or no fund-raising experience, are insecure about their fund-raising abilities.[3] Overall, they operate least confidently in their function as fundraisers. One-third, as Figure 3 shows, say they have "no confidence" in their skills in this area. The lessons learned from our case studies confirm this statistical evidence.

Seminaries' small sizes limit their development capacity. Even small colleges have development offices with multiple staff members who bring specialized skills in areas such as deferred giving, major gift development, special events, and database management. Only a few seminaries operate on a similar scale. Most development offices in seminaries are small, just as their schools are small. A 2006 Auburn survey showed that half of development offices in schools in the United States and Canada had fewer than two full-time equivalent managers and fewer than two full-time equivalent support staff members. There is high turnover in development offices as well. Half of the development officers who responded had been at their posts for three years or less, although they averaged eleven years of experience in the development/fund-raising field. Prior to working in development, most served in either education or the church; a few had experience in finance or marketing.

In the majority of theological institutions, each development staff member carries multiple portfolios, including church and alumni relations, seminary relations, and more broadly, communications, publications, and special events. This limits the amount of expertise that can be developed in specialized areas and the amount of attention that can be devoted to each. Schools that have limited professional resources must plan and prioritize carefully. As indicated later in this report, it is especially important that they allocate the president's time productively to the cultivation of major donors and the implementation of deferred giving strategies.

Figure 2: Seminary Trustees' Ratings of the Importance of Factors in their Selection

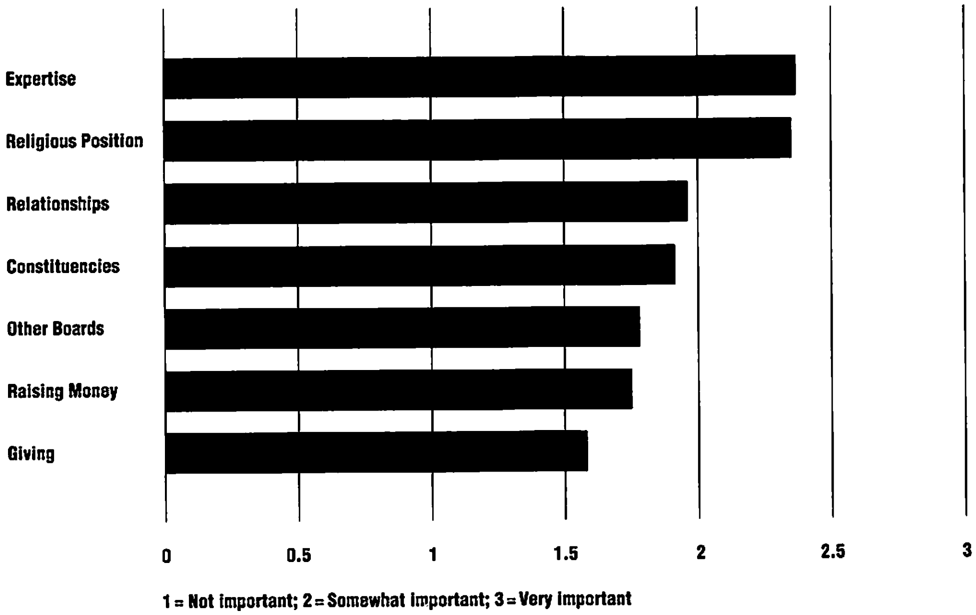


Figure 3: Percentage of Presidents Reporting that They are "Not Confident" in Particular Relationships and Responsibilities

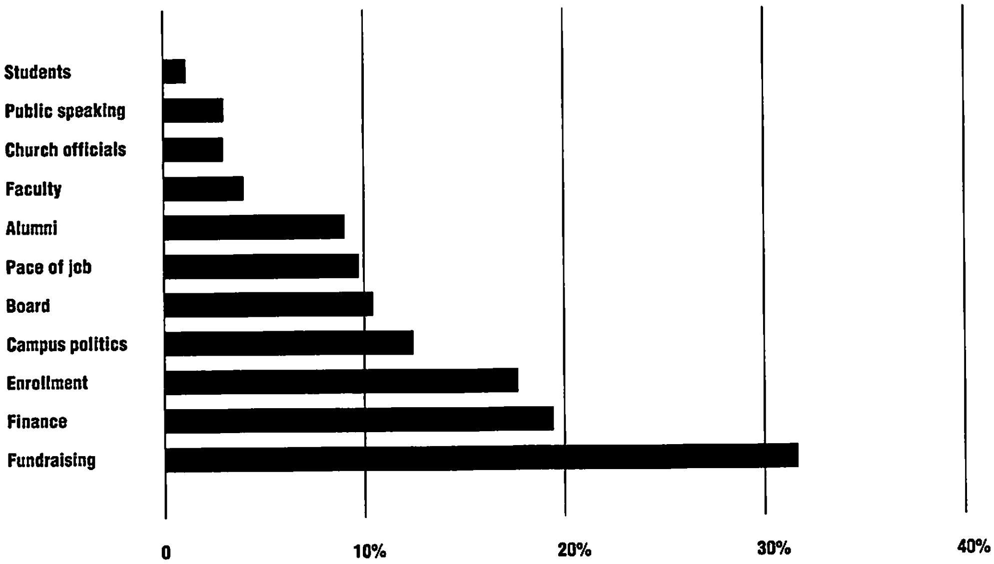
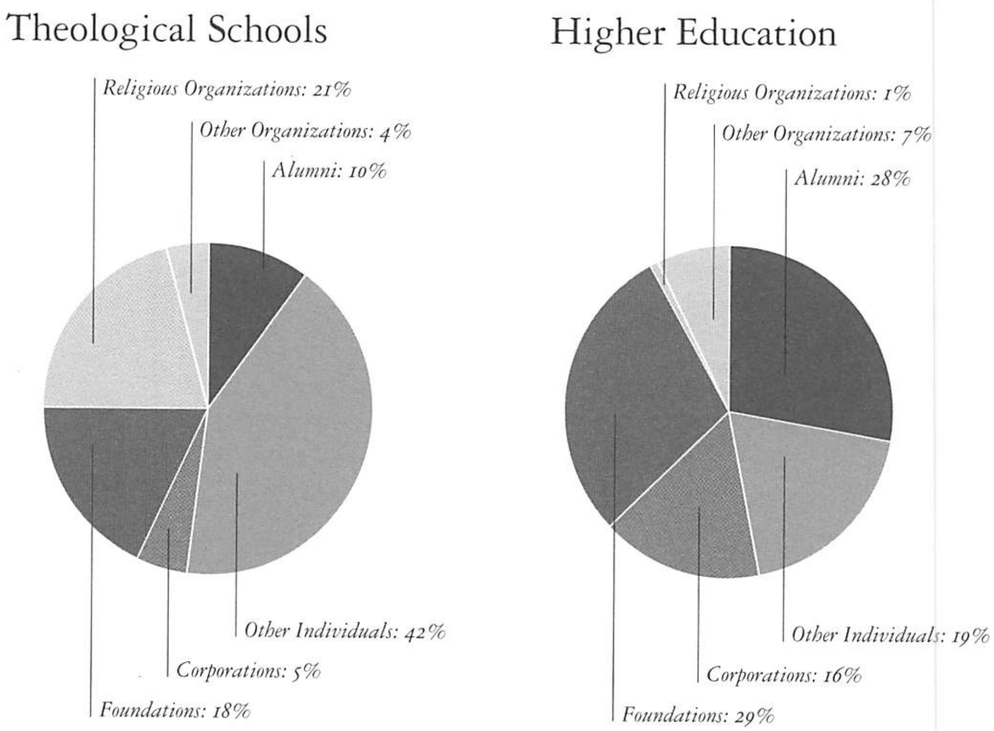


Figure 4: Sources of Voluntary Support for Higher Education in 2006/2007

Sources: Schools reporting to The Association of Theological Schools and The Council for Aid to Education



The sources of seminary support may be difficult to tap. Most colleges and universities have a pool of graduates that includes some who have had major financial success. Seminaries have to find support more broadly, because their graduates are often working for low or even subsistence salaries and therefore are not, as Figure 4 shows, a significant source of support. The "other individuals" on whom theological schools heavily depend must be identified, befriended, and cultivated. Sometimes graduates help their alma mater to find individual lay supporters, but experienced seminary leaders know that the search for persons who understand the complex mission of theological education is never-ending.

The dependence of theological schools on such persons is even greater than the pie chart in Figure 4 indicates. Much of the giving in the "Foundations" segment of the theological school chart comes from small family foundations set up by individuals. It is likely that, in total, two-thirds of seminary support comes from individual donors. They provide not only the largest percentage

Seminaries have to find support more broadly, because their graduates are often working for low or even subsistence salaries.

of gifts but also the best hope for the future. Most corporations continue to exclude seminaries from their philanthropy. Usually they contribute only by matching gifts from individuals. Furthermore, many of the religious organizations that provide one-fifth of all support have declining resources. Figure 5 shows the history of giving from religious organizations, which has hardly increased in the last two decades, growing at a rate of only 2% a year (well below the rate of inflation), whereas giving from other sources has increased sharply, at an average rate of 7.5% a year.

THEOLOGICAL SCHOOLS ALSO, HOWEVER, HAVE SOME SPECIAL STRENGTHS AND OPPORTUNITIES.

Religion has a strong and largely positive appeal to North American donors. Half of all U.S. residents and more than one-third of Canadians give to religious organizations—in the United States, even more than that if religiously based hospitals and schools are included.[4] Some studies suggest that in total amounts, three-quarters of the giving for philanthropic purposes is to religious organizations.[5] If seminaries can make a powerful case, they can have appeal to a very broad giving public.

Figure 5: Gifts and Grants from Alumni/ae, Other Individuals, Foundations, Corporations, and Other Organizations Compared with Gifts from Religious Organizations *All schools reporting to the ATS.*

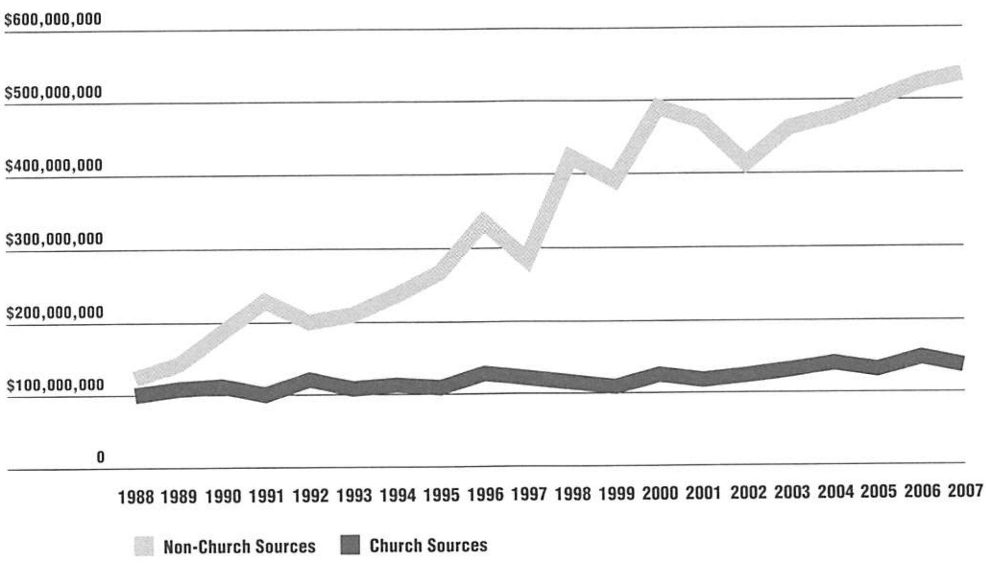
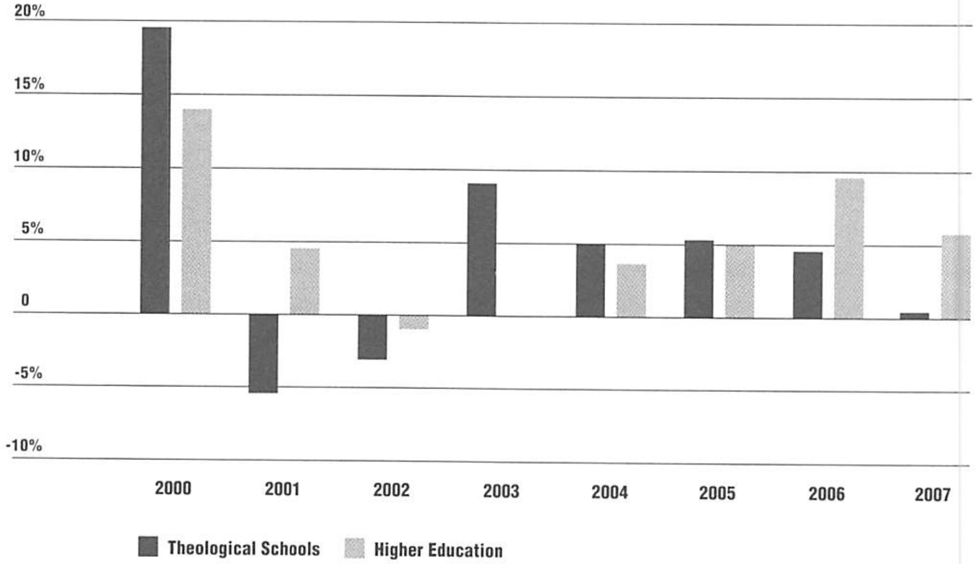


Figure 6: Annual Percentage Growth (Decline) in Total Voluntary Support for Higher Education and Theological Schools by Fiscal Year

Sources: Schools reporting to The Association of Theological Schools and The Council for Aid to Education



The small size of theological schools can be a fund-raising asset. In institutions the size of theological schools, one-on-one relationships with donors and volunteers can be developed in real depth. School leaders who have relatively few major donors to tend can get to know them well and help them discern how their faith and values shape their giving. Donors to seminaries often find that they can have an impact that is not possible in larger institutions that receive a constant stream of major gifts.

School leaders who have relatively few major donors to tend can get to know them well and help them discern how their faith and values shape their giving.

A few large gifts can make a big difference. In general, as Figure 6 shows, giving to theological education tracks with giving to higher education: when one goes up or down, so do the others. But the variations in giving to theological schools are much greater. This is the result of a few very large gifts. Multimillion-dollar gifts, which are common in the vast world of higher education, are rare in theological education. When such a gift can be secured, however, it can make a huge difference, often catapulting the school that has raised it into a higher educational as well as financial rank.

Giving from non-church sources has grown steadily over the past two decades, as shown in Figure 5. Does the fact that it increased 7.5 percent per year over this period mean that any given school can expect similar increases in its annual giving for operations next year and in the years beyond? Unfortunately, predictions are not that easy to make.

To gain some sense of the kinds of change that actual schools experience, the Auburn Center analyzed ten years of data from theological schools, comparing giving for operations for the five years from 1998 to 2002 with giving for operations from 2003 to 2007. The analysis showed huge variations in year-to-year giving.

Two reasons for the variation have to do with accounting practices. First, many schools receive bequests in an uneven pattern. Some institutions prudently consider such gifts as funds functioning as endowment, so that annual operations are not dependent on an unpredictable revenue stream; others use them in the same way that they use current gifts from living donors to the "annual fund." The rules of accounting, however, dictate that all unrestricted bequests be counted as "giving for operations." Thus a single large bequest can cause a large increase in such funds. The absence of bequests after a steady stream of them over several years can register as a sharp drop.

Second, giving for operations may reflect the fact that a school is engaged in a special campaign or fund-raising project. Not all campaign gifts are reported as gifts for operations. Gifts for capital items, such as buildings and endowment, are not included in operations. But some campaign contributions are unrestricted or earmarked for current expenditure on new projects. Such gifts inflate "operations" giving in the years in which they are received. In "ordinary" years, giving appears lower.

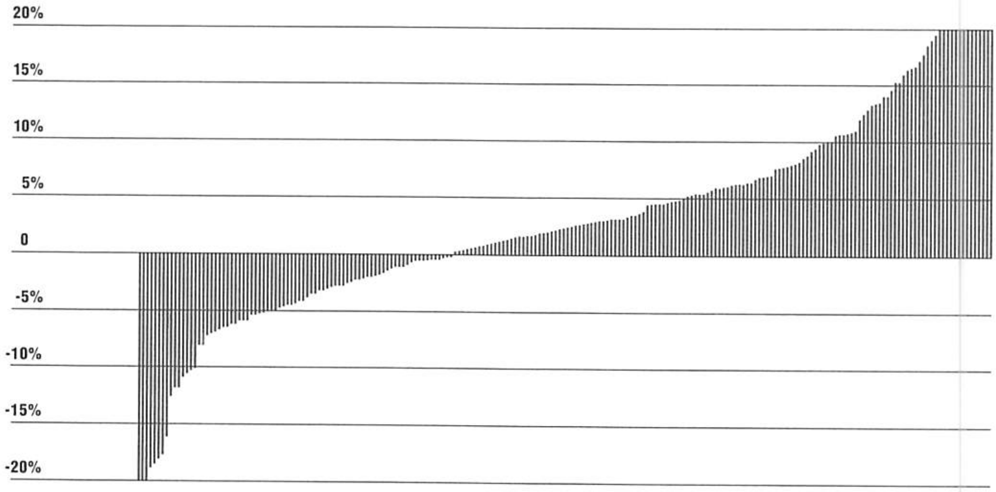
To reduce the effect of large one-time gifts from both bequests and campaigns, the averages for the two five year periods (1998–2002 and 2003–2007) were trimmed, excluding for each school in each five-year period the gifts for operations in the two years in which the highest and lowest amounts were given. The three "middle" years were averaged and compared. The results are shown in Figure 7.

Some institutions prudently consider bequests as funds functioning as endowment, so that annual operations are not dependent on an unpredictable revenue stream.

The chart shows that 37 percent of schools raised less in 2003–2007 than they had in 1998–2002. Despite the use of trimmed means, some of these negative differences are no doubt due to campaign gifts and bequests included

Figure 7: Annual Growth (Decline) in Giving for Operations Comparing Trimmed Means from 1998-2002 and 2003-2007

N = 143 Schools, Scale Truncated



in the first average but not in the second. Some, however, are probably due to the diminishment or collapse of fund-raising efforts. Though the figures do not enable an institution to make a precise calculation of capacity for annual fund-raising, they do hint at some warnings: Under adverse circumstances, fund-raising can decrease as well as increase, and institutions that depend on bequests and special campaign efforts to sustain current operations cannot depend on a steady stream from these sources.

Other schools can take heart from these comparisons. Overall, theological schools are raising more money than in earlier years. Almost two-thirds (63 percent) of schools increased their giving when the five-year periods are compared. As Figure 8 shows, nearly a quarter (23 percent) of them increased such giving by 8 percent or more. The high-performing quarter of schools was most probably vigorously campaigning.

A detailed examination of the growth achieved by some individual schools contradicts two common assumptions. The conventional wisdom maintains

Figure 8: Annual Growth (Decline) in Giving for Operations, comparing Trimmed Means from 1998–2002 and 2003–2007

Percentile	Annual Growth (Decline)
10th	(6.5%)
25th	(2.2%)
50th	2.25%
75th	7.7%
90th	16.1%

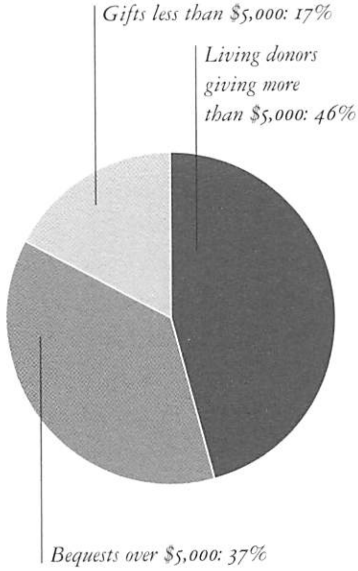
that Roman Catholic schools have difficulty raising money because of the perception that they are "taken care of" by their dioceses or religious orders. The data show, however, that several Roman Catholic schools strongly increased their funding from individuals and non-church sources. Similarly, Canadian schools are thought to face challenges because of the tradition of public funding of higher education in Canada. This assumption is contradicted by strong growth in giving to several Canadian schools.

How can particular schools use this kind of analysis of giving to operations? A school can refine its own data in ways that researchers who are restricted to standard accounting categories cannot. Schools can identify variations in gifts to operations that were created by major gifts to special campaigns and by bequests. They can then subtract these gifts and plot the actual gain in recurring gifts for current operations. Without major new investment in fund-raising efforts to expand their base, they should not estimate substantially greater year-to-year growth than they have achieved in the past in this category (often called the "annual fund"). In adverse economic conditions, or if the school faces major church or public relations challenges, they should anticipate little or no growth.

When a school performs its own analysis of past giving for operations,

Figure 9: Proceeds from Gifts from Individuals

143 U.S. Theological Schools



some of the gifts, as previously noted, will be nonrecurring bequests and campaign contributions for unrestricted purposes or current projects. The record of these gifts also provides important information. Most giving to theological schools comes from larger gifts, as Figure 9 shows. Schools contemplating a strengthened fund-raising effort can take encouragement from the larger gifts they have already received. Bequests may be a sign of an effective deferred giving program and campaign contributions may signal know-how on the part of the school. If the record of past giving is strong, there is reason to invest in a formal feasibility study among potential donors to assess their readiness to give to a future campaign.

Institutions adopt different patterns of fund-raising. Some seek funds for capital projects and endowment as well as current operations on a continuing basis, matching donor interest to school needs as the occasions lend themselves. Figure 10 portrays a theological school that is continuously raising funds for operating and capital purposes. As the rising bars show, it is enjoying considerable success.

Other schools choose to conduct special campaigns, often called "capital" campaigns. Strictly speaking, a capital campaign seeks gifts of capital, whether for physical capital, in the form of gifts for buildings, or financial capital, in the form of gifts to endowment. In actual practice, institutions often combine capital needs, ongoing operational needs, and special projects into a single campaign. In these cases, the campaign goal can be an impressively large number, which some think is a stimulus to giving. Campaigns have a beginning, middle, and end, as illustrated in Figure 11.

The pattern in this chart is a common one: The school's normal level of giving, seen in 1988–1990, rose as new gifts were solicited and received, peaking in 1993 and subsequently subsiding to a new "normal" level (a bit higher than the old one) in 1996–1998. The same campaign is charted below (Figure 12) by the purpose of gifts rather than the source. The principal emphasis of the campaign, as the graph illustrates, was on physical facilities.

Campaigns are very common and usually take the same course. Thirty-two

Figure 10: A School with Continuous Fund-raising: Total Raised by Source

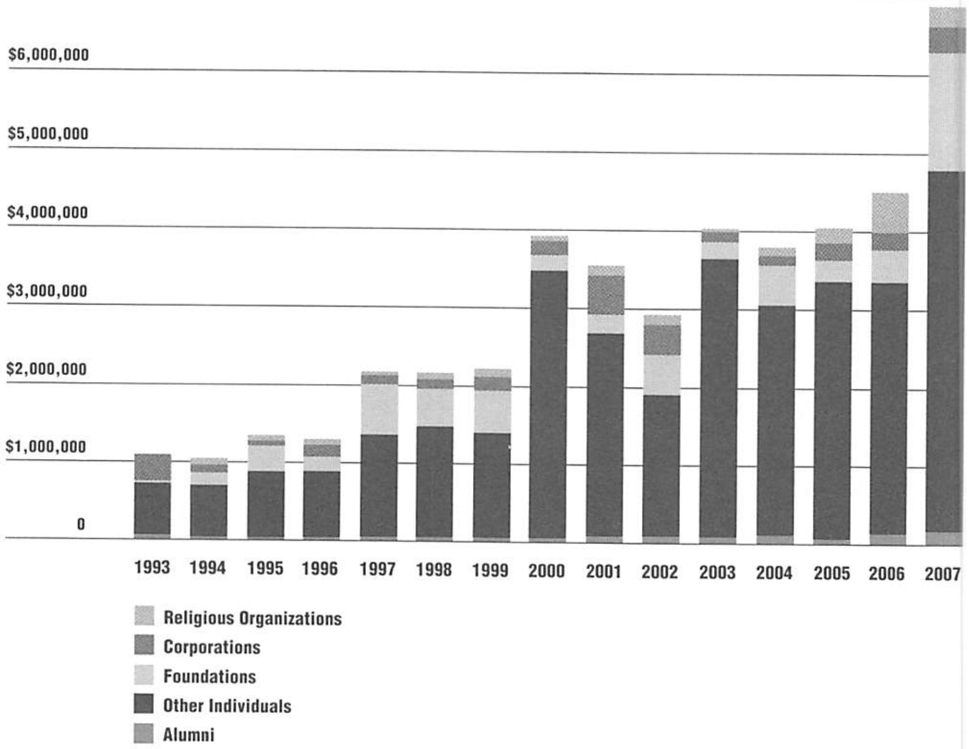


Figure 11: A School with a Special Campaign: Total Raised by Source

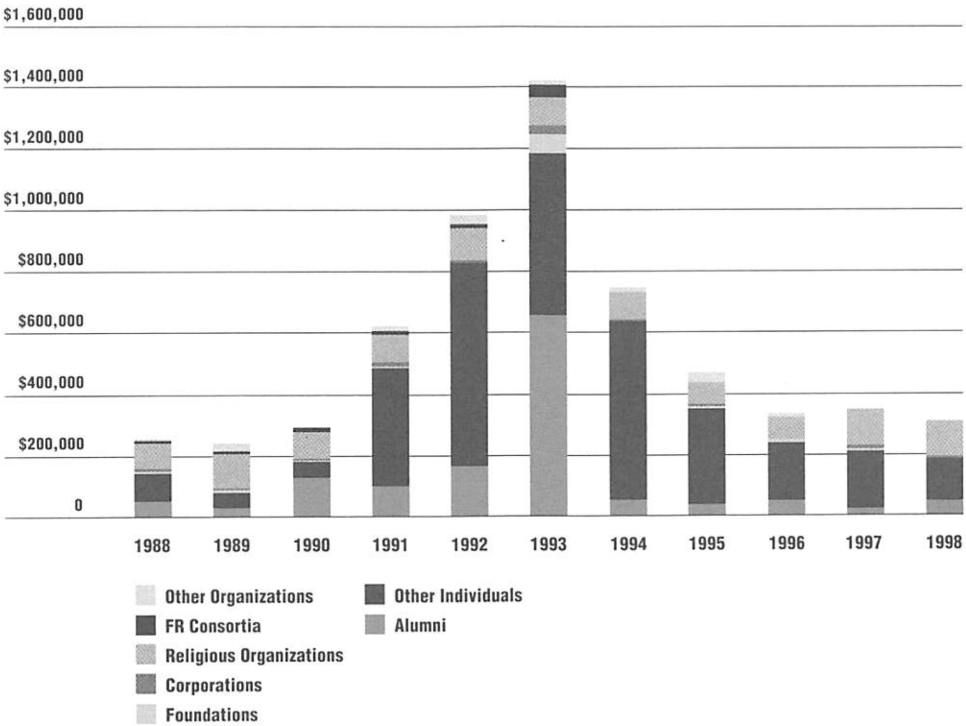
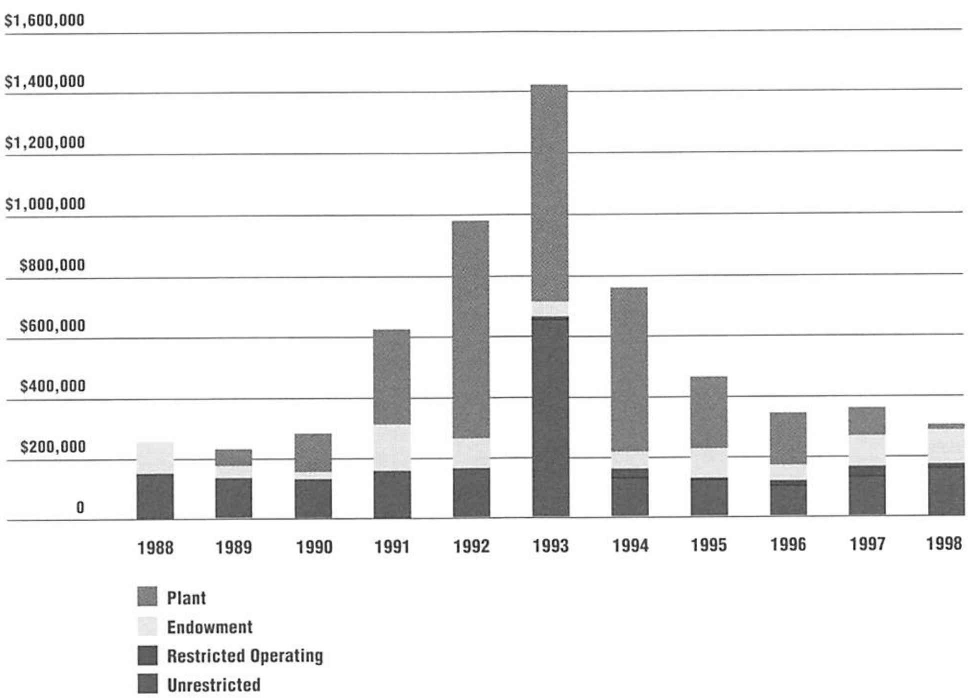


Figure 12: A School with a Special Campaign: Total Raised by Purpose



schools that reported to The Association of Theological Schools that they mounted campaigns scheduled to end between 1997 and 1999 showed patterns similar to the one illustrated in Figures 11 and 12: a sharp spike in campaign giving followed by a return to a slightly higher normal. The pattern held for 48 additional institutions whose data were analyzed for this study.[6]

Is it possible to predict the amount of special funds that can be raised in a campaign? There are various rules of thumb for making such predictions. For this study, historical data were analyzed to test those rules and to determine whether other predictive formulas might be developed.

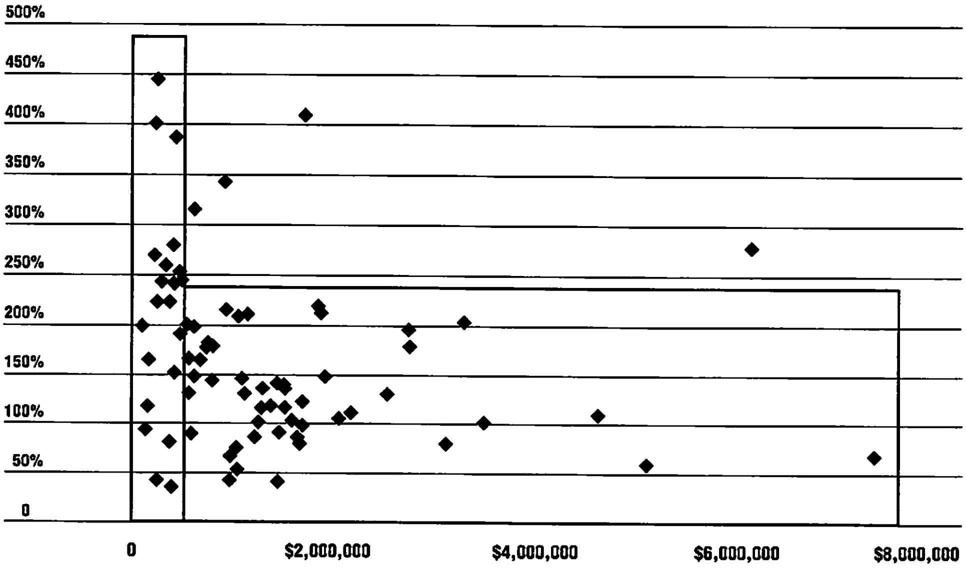
To this end, the "additional" or "new" money as a percentage of the "normal" money raised from non-church sources per year was measured. For instance, if an institution's normal level of non-church giving was $400,000 per year, and that institution's special campaign raised an additional $1,200,000 over four years, the additional

Most schools raised campaign gifts of less than two and one-half times the "normal" amount of giving.

amount raised per year was $300,000 ($1,200,000 divided by 4). The new funds raised for that school represented 75 percent of their normal level ($300,000 divided by $400,000).

Figure 13 plots the results of the individual campaigns. Each campaign is represented by a single dot. The vertical scale shows the percentage of "normal" giving the campaign raised in new

Figure 13: Campaign Receipts as Multiples of Non-Church Annual Giving for Operations



Annual Non-Church Giving for Operations

money for each year of the identifiable campaign. Typically, campaigns were four to five years in duration from the recording of the first pledges to the final collection on the pledges. In terms of actual solicitations, campaigns generally are eighteen months or less.

The two boxes on the scatter plot reveal the results. The data in the tall thin box show that it is very difficult to predict campaign results when annual non-church giving is less than $500,000 per year. Some of those schools were able to generate campaign gifts of three or four times their annual level. This high percentage is not the norm and may be the result of a few major gifts to a school whose annual giving is fairly low. Most schools—those shown in the large horizontal box—raised campaign gifts of less than two and one-half times the "normal" amount of giving. Most schools whose normal non-church giving level is more than $500,000 per year find that their campaigns bring them somewhere between 50 and 200 percent of their "normal" level for each year of the campaign. This provides some parameters that a school may use for initial predictions.

Why is this information useful? Take the case of Havisham Theological Seminary, known to one of our researchers. Its leadership embarked on a campaign to raise a total of $15 million in annual and capital funds over a three-to-four year period. This amount was set according to their acknowledged need; they did not have fund-raising counsel conduct a feasibility study to determine their potential. Their current level of giving from non-church sources was just under $1 million per year. This meant that they needed $11 million in new money from the campaign—$15 million less the "normal" $4 million they would expect to raise over the four years of the campaign.

Based on the experience of others, as shown in the scatter plot, Havisham could expect to raise in new money, as an upper limit, 200 percent of normal giving, or $2 million per year (200 percent of $1 million) for four years, for $8 million as an "upper," or highly optimistic, total. On the lower end, the figure would predict 50 percent of normal giving, or $500,000 per year in new money, totaling $2 million over four years. The most likely amount

HOW MUCH CAN A SCHOOL EXPECT TO RAISE IN A CAPITAL CAMPAIGN?

If a school averages $1.5m in their annual giving, multiply by 125% (the average raised by 48 schools) = $1.87m, multiply by 3 years (the average length of a campaign). The school can expect to raise $5.6 million over three years. [($1.5 x 125%) x 3 = $5.6] This is a mid-range projection, the actual potential can only be surmised through a feasibility study that assesses donor capacity and willingness to give.

would be 100–150 percent of normal giving, or $4–6 million. In actual fact, they raised $4.9 million, exactly in the range that peer schools raise. Their showing was wholly respectable but far short of the need-based amount on which their planning was based. Their inability to reach their unrealistic target was no doubt a disappointment, and the donors who did contribute may feel that they were part of a failed effort.

The amount that an institution needs, even for exciting new ventures, is not necessarily the amount that it can raise.

Smithtown Seminary, whose story opens this report, authorized a capital campaign four times the size of the previous one in order to pay for new initiatives and programs. On the basis of these findings, they should proceed with caution. Campaign goals should be set by a careful study of the giving history of the school, preferably augmented by a professional feasibility study that includes interviews with potential donors. The amount that an institution needs, even for exciting new ventures, is not necessarily the amount that it can raise.

Titanic Seminary, who is running huge deficits and funding them from a rapidly depleted endowment, should be even more cautious about its fund-raising prospects. There is very little chance that either giving for current operations or campaign proceeds can produce the very large amounts required for the institution to balance its budget and achieve financial equilibrium. Donors are typically reluctant to give to institutions in financial trouble, but even if this were not the case, the increases in contributions Titanic required were far greater than the institution could have expected to achieve over a short period. If Titanic wants to survive, cutting the budget and making major changes to the school's program and institutional structure are its best hope.

HIGHER HOPES: HOW TO RAISE MORE RATHER THAN LESS. The findings of this study suggest that the fund-raising prospects of theological schools range fairly widely. What makes the difference between those whose increases in funding for operations and capital projects are at the top of the range and those whose experience is reflected in the lowest-increase figures?

To identify some of the factors in success and failure, ten case studies were conducted as part of this research. The cases illustrated the following principles.

Set realistic goals. As already illustrated, the chances that any institution can increase annual giving by more than 10 percent per year or raise more funds in a special campaign than the maximum that other schools have raised (250 percent of non-church annual giving multiplied by the number of years of the campaign) are very slim. Several of the case study schools discovered this. They set

fund-raising goals based on what they needed rather than a sober assessment of their giving history and prospects. The resulting "failure" complicated subsequent fund-raising efforts. Very weak institutions like Titanic Seminary are often most tempted to "solve" their problems by projecting large receipts from fund-raising. In these cases, lack of realism imperils the future of the school.

By contrast, goals based on sound research and positive experience are more likely to be achieved, and reaching or exceeding them can create confidence and enthusiasm that pay off in subsequent fund-raising efforts.

Timing is important. Whichever fund-raising pattern an institution chooses, timing is key. Campaigns enjoy success when they are well timed—while a school is in good condition, after a base

A particular challenge in seminary fund-raising is the apparent conflict between fund-raising goals and the values that many presidents cultivated when they served in ministry or academic life.

of regular donors has been built, before the institution's best donors become tired because of too-frequent requests. The largest and most successful campaign among the case study institutions was in progress at the time of the research. With a goal of tens of millions of dollars, half of which was secured before the campaign went public, the effort built on decades of cultivating face-to-face relationships with donors and the frequent presence of seminary representatives in many of the congregations in which donors worshipped.

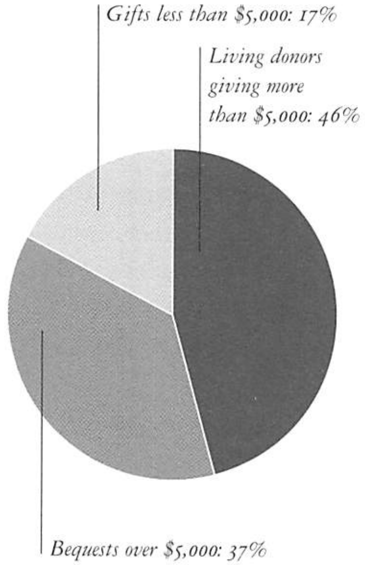
Timing also affects ongoing fund-raising for annual operations. One of the case study institutions had relationships with its neighbors so strained over zoning issues that the conflict was covered in the media. The negative news reached a number of donors, and the annual fund on which the school was heavily dependent was affected as a result.

Focus fund-raising efforts on current and prospective major donors. It seems obvious that fund-raising energies should be directed toward the sources of funds, yet development officers in the case study institutions repeatedly report pressure to spend time and effort building relationships that—though important for other functions of the institution—distract the fund-raising staff and the president from the source of most financial support: major donors.

A particular challenge in seminary fund-raising is the apparent conflict between fund-raising goals and the values that many presidents cultivated when they served in ministry or academic life—values that emphasize the importance of giving care and attention to all who need it. Development officers reported that presidents sometimes confuse cultivation with pastoral care and spend

Figure 14: Proceeds from Gifts from Individuals

143 U.S. Theological Schools



a great deal of time with constituents who have little to offer the school by way of support of any kind. Some such relationships may indeed be a valid part of institutional leadership, but the time set aside specifically for fund-raising should be primarily focused on major donors.

Figure 14 clearly shows how important major donors are to overall success: almost half of all giving to theological schools comes from gifts from living donors of $5,000 or more and an additional one-third from bequests of $5,000 or more. Less than one-fifth of fund-raising proceeds come in the form of smaller gifts.

Many development programs are not structured to reflect this reality. A researcher on this study observed that, in larger seminary development offices, there are sometimes two professionals in addition to the chief development officer: one for alumni relations and another for church relations. Both are important for many seminary functions. As one of our case studies dramatically showed, a sustained program of attention to key congregations can keep the seminary visible to the major donors who are essential for the success of special campaigns and regular giving for operations. Similarly, graduates of the school can be very helpful in identifying potential major givers. In one case study institution, a special effort to engage alumni was highly successful in increasing the percentage of giving.

Neither graduates nor congregations, however, directly generate most of the major gifts on which schools rely for their future. The school that focused on alumni did not raise much additional money from the increased percentage of graduate givers, and the institution that paid regular attention to congregations did not receive substantial gifts from congregations themselves. The development impact of the program was its effect on individual donors who attended those churches. In many cases, it would be wiser to focus the efforts of development staff on cultivating donors who have the capacity to give larger amounts during their lifetime and on a deferred or planned basis.

Presidents are indispensable to fund-raising success. No fund-raising efforts in the case study schools succeeded without the focused, regular, and enthusiastic leadership of the institution's chief executive. Veteran successful presidents affirm that half of a president's time should go to cultivation of donors and other development activities. However, in our survey of development officers, more than half of the respondents said that their president spent less than a quarter of his or her time in development activities. Almost a quarter said they never made donor calls with the president. It can be readily seen that one reason theological schools may not thrive is inadequacy of presidential effort in development.

Veteran successful presidents affirm that half of a president's time should go to cultivation of donors and other development activities.

Many seminary presidents have an advantage in fund-raising that heads of other charitable organizations do not have. Presidents are comfortable in a pastoral role. Many presidents approach fund-raising as the development of pastoral relationships with donors or potential donors. Donors reciprocate. For many donors, giving to the theological school becomes an important expression of their stewardship or discipleship, encouraged and nurtured by the president. Not every relationship is necessarily a pastoral relationship, of course. Effective relationships can form with donors as intellectual colleagues or discussion partners. Other presidents have found in donors the business mentors they need to understand how to run a complex institution. And many presidents and donors are simply good friends.

Although the president's involvement in fund-raising is crucial for the institution, the president need not be the person who makes the "ask." A skilled development officer knows how to build on the president's strengths and how to compensate for the president's weaknesses. The "ask" can be enunciated by a trustee or a development staff member. The development officer, however, should assist the president in organizing, scripting, and rehearsing donor meetings in order to make the best use of time spent with the individual.

This study showed that the key variable in success was not presidential personality type but discipline. The chief executives who applied themselves to the task of raising funds in a sustained and systematic way usually saw excellent results. Several made a list of persons who could either make large contributions or heavily influence the public reputation of the school. They then contacted those on the list regularly—every quarter, for instance, or more often as appropriate.

By contrast, chief executives who were too distracted by conflicts in the

school to focus on development or who were so insecure about their ability to cultivate donors that they found ways to avoid doing so inevitably saw disappointing fund-raising results. In the relatively small circles of support that most seminaries build, the chief executive embodies the school. People give because they form relationships to something they care about, and in seminary development, those relationships must involve the president in sustained and significant ways.

Successful programs require a team effort. Other key players in the life of the school add value to a development program.

Every trustee should be able to present a thoughtful case statement for support of their institution to family, friends, and colleagues.

An alert, well-organized, and personable development officer is a huge asset, but he or she cannot do much alone. Other key players in the life of the school, including development staff and board members, can add value to a development program, but unlike colleges and universities, where development staff in tandem with volunteers secure major gifts, seminaries almost always require presidential attention to pin down contributions of any substantial size. One case study school did an excellent job of involving the board, faculty, alumni, and even students in the fund-raising activities, including benefit events. Institution-wide enthusiasm is also a great help in development, but by itself it does not generate the support a school needs. As noted, the president's sustained involvement is also required.

Trustees are a necessary ingredient of a solid development program. Many institutions depend on the operating and capital gifts of board members as the core of their support. Despite the fact that full board participation in giving is universally acknowledged to be a cornerstone of a successful fund-raising program, most theological schools fail the test: only 15 percent report that all board members made a contribution in the year 2000, and only 32 percent have made provision for the school in their will.[7] Auburn research has found many trustees with long tenures of service to theological schools who, in all their years on the board, were never asked to consider a bequest. This is a simple and straightforward task that trustee members of the development committee should undertake. As noted earlier, half of all trustees are elected by a religious body and many are pastors with limited financial means, but this does not preclude them making an annual or planned gift to the institution they serve.

In addition to making personal gifts to the institutions, trustees also serve as important bridges to others in the community. Every trustee should be able to present a thoughtful case statement for support of their institution to family, friends, and colleagues. Too often they report that they are unable to do this. In an Auburn survey, the majority of trustees indicated that they were not

confident in their fund-raising abilities, and only 13 percent of development officers reported that their board members were "active" or "very active" in development activities. Only 10 percent of development officers had actually made a donor call with a trustee.

It is important to find each trustee's level of comfort in development. Some may be confident in pitching the school and making the "ask." Others may be much more comfortable in introducing new people to the school by hosting events in their home or planning special events featuring the seminary. Part of the job of the chief development officer is finding appropriate roles for trustees.

The most effective and productive programs in the case study schools were the result of unrelenting cultivation efforts over time.

The best programs are the result of long-term effort. The most effective and productive programs in the case study schools were the result of unrelenting cultivation efforts over time.

One school systematically recorded all the prospects who told campaign staff that they were "not ready" to make a capital gift to the school. The "not readies" became the focus of an extended cultivation process looking to a future campaign. The most impressive program we studied, one that reported excellent campaign results, steadily growing annual giving, and an extraordinary number of planned gifts for its size, was the result of continuous effort over two presidencies. The school still calls on a retired development officer and the past president for help in keeping the donors they brought to the institution committed in the present day. All involved in fund-raising—the current staff and president and their predecessors—set aside the matter of who gets credit for a particular gift in the interest of the ongoing mission of the school.

Long-term cultivation is critical for a successful planned giving program.[8] Schools that devote the time and effort will eventually see the fruits of their labor. Although there are anecdotes about unheralded bequests, these are in the minority; the best sources of bequests are the schools' best friends, such as board members, former board members, alumni, and others who have long connections with the school. They also have to be asked.

CONCLUSION

Although theological schools face some significant challenges in fund-raising, there are success stories among both large and small institutions. Success always includes a reachable goal, an involved president, a dedicated development officer, donors who are carefully cultivated, and supportive trustees. Success does not come overnight. Patience is required. But efforts that do succeed may return a hundredfold and last for generations.

Endnotes

1. Elizabeth Lynn and Barbara G. Wheeler, *Missing Connections: Public Perceptions of Theological Education and Religious Leadership,* Auburn Studies, No. 6 (1999).

2. Barbara G. Wheeler, *In Whose Hands? A Study of Theological School Trustees,* Auburn Studies No. 9. (2002).

3. Auburn Studies on seminary leadership is forthcoming.

4. *Giving USA, 2007,* The Center for Philanthropy at Indiana University (2007), reports that 50 percent of Americans give to religious organizations, excluding schools and hospitals. The Canada Survey of Giving, Volunteering and Participating, Imagine Canada (2004), reports that 38 percent of Canadians give to religious organizations.

5. US Bureau of Labor Statistics, *Consumer Expenditure Survey,* (2005), reports that donations to religious charities and organizations amount to 72 percent of all charitable giving.

6. The analysis excluded schools whose fundraising pattern showed no effect from a campaign and those whose pattern showed that significant gifts (usually bequests) were received as large isolated gifts. University-related schools were also excluded because of data reporting problems.

7. Wheeler, *In Whose Hands,* 15.

8. Some schools' websites provide extensive resources for planned giving, including charitable remainder trusts, gift annuities and bequests. The Donor Bill of Rights and the Association of Fundraising Professional's Code of Ethics are sometimes posted as well. These resources signal professionalism and experience to the donor, and emphasize the importance the school places on planned giving.

Auburn Center Publications

To order, contact: The Center for the Study of Theological Education, Auburn Theological Seminary, 3041 Broadway, New York, NY 10027. Tel: 212-662-4315; Fax: 212-663-5214

Auburn Studies and Background Reports are available on Auburn's web site: www.auburnsem.org

Back Issues of Auburn Studies

AUBURN STUDIES NO. 1:
"Reaching Out: Auburn Seminary Launches the Center for the Study of Theological Education," *by Barbara G. Wheeler and Linda-Marie Delloff, Summer 1993.*

AUBURN STUDIES NO. 2:
"Lean Years, Fat Years: Changes in the Financial Support of Protestant Theological Education," *by Anthony T. Ruger, December 1994.*

AUBURN STUDIES NO. 3:
"Manna from Heaven?: Theological and Rabbinical Student Debt," *by Anthony T. Ruger and Barbara G. Wheeler, April 1995.*

AUBURN STUDIES NO. 4:
"True and False: The First in a Series of Reports from a Study of Theological School Faculty," *by Barbara G. Wheeler, January 1996.*

AUBURN STUDIES NO. 5:
"Tending Talents: The Second in a Series of Reports from a Study of Theological School Faculty," *by Barbara G. Wheeler and Mark N. Wilhelm, March 1997.*

AUBURN STUDIES NO. 6:
"Missing Connections: Public Perceptions of Theological Education and Religious Leadership," *by Elizabeth Lynn and Barbara G. Wheeler, September 1999.*

AUBURN STUDIES NO. 7:
"The Big Picture: Strategic Choices for Theological Schools," *by Anthony T. Ruger and Barbara G. Wheeler, December 2000.*

AUBURN STUDIES NO. 8:
"Is There a Problem?: Theological Students and Religious Leadership for the Future," *by Barbara G. Wheeler, July 2001.*

AUBURN STUDIES NO. 9:
"In Whose Hands: A Study of Theological School Trustees," *by Barbara G. Wheeler, June 2002.*

AUBURN STUDIES NO. 10:
"Signs of the Times: Present and Future Theological Faculty," *by Barbara G. Wheeler, Sharon L. Miller, and Katarina Schuth, February 2005.*

AUBURN STUDIES NO. 11:
"Seek and Find? Revenues in Theological Education," *by Anthony T. Ruger, April 2005.*

AUBURN STUDIES NO. 12:
"The Gathering Storm: The Educational Debt of Theological Students," *by Anthony T. Ruger, Sharon L. Miller and Kim Maphis Early, September 2005.*

AUBURN STUDIES NO. 13:
"How Are We Doing? The Effectiveness of Theological Schools as Measured by the Vocations and Views of Graduates," *by Barbara G. Wheeler, Sharon L. Miller, and Daniel O. Aleshire, December 2007.*

About Auburn Theological Seminary

Auburn Seminary was founded in 1818 by the presbyteries of central New York State. Progressive theological ideas and ecumenical sensibilities guided Auburn's original work of preparing ministers for frontier churches and foreign missions. After the seminary relocated from Auburn, New York, to the campus of Union Theological Seminary in New York City in 1939, Auburn ceased to grant degrees, but its commitment to progressive and ecumenical theological education remained firm.

As a free-standing seminary working in close cooperation with other institutions, Auburn found new forms for its educational mission: programs of serious, sustained theological education for laity and practicing clergy; a course of denominational studies for Presbyterians enrolled at Union; and research into the history, aims and purposes of theological education.

In 1991, building on its national reputation for research, Auburn established the Center for the Study of Theological Education to foster research on current issues in theological education, an enterprise that Auburn believes is critical to the well-being of religious communities and the world that they serve. Auburn Seminary also sponsors the Center for Church Life, to help strengthen the leadership of mainline churches, and the Center for Multifaith Education, to provide life-long learning for persons of diverse faith backgrounds.

Auburn Center for the Study of Theological Education

Barbara G. Wheeler, Director
Sharon L. Miller, Associate Director
Anthony T. Ruger, Senior Research Fellow

DESIGN: CYNTHIA GLACKEN ASSOCIATES, INC. ILLUSTRATION: NICULAE ASCIU